

New Biomass Projects and Resistance to Growth

Policy Issues

Turtle Bay Conf. Center

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National Issues

- **2008 Farm Bill – Biomass Crop Assistance Program**
 - **Matching Payment Program**
 - **Office of Management & Budget approves \$196 million for 2011 program**
 - **Existing Markets**
 - **Fair Market Value**
 - **Facilities can re-register now**
 - **Procedure for Fuel Suppliers is available**
 - **Awaiting “Guidance Document” to launch 2011**

Biomass Utilization Grant Program

- Thrust of Program has changed entirely
 - \$3.7 million available
 - Up to \$250,000 grant
 - Applications due March 1
 - Must be for Engineering Services for New or Reconstructed Plant
- <http://www.fpl.fs.fed.us/research/units/tmu/tmugrants.shtml>

Fiscal 2011 and 2012 Federal Budget

- **2011 – Continuous Resolution at 2010 budget levels until March 4**
 - **Extended CR expected for remainder of fiscal year**
 - **No earmarks**
 - **Recision to 2008 or 2006 budget levels (\$100-250 billion budget reduction)**
 - **No Action on the 2012 Farm Bill until next session of Congress (determines whether BCAP continues)**
- **2012 Budget expected to continue reductions in spending**

EPA Tailoring Rule

- **January 13 – EPA defers the Tailoring Rule (whether or not biogenic emissions are carbon neutral)**
- **EPA postpones carbon neutrality decision for up to 3 years**
- **EPA calls for more information on biogenic emissions and carbon neutrality**
- **EPA is expected in the interim to issue guidance allowing state and local permitting authorities to conclude that the use of biomass is the best available control technology for GHG emissions.**

EPA – Boiler Maximum Achievable Control Technology (MACT) Rule

- **Proposed rules for major source boilers, certain area source boilers, and commercial and institutional solid waste incineration units**
- **EPA requested Court to allow until:**
 - **April 13, 2012 to re-propose rules**
 - **June 15, 2011 to respond to public comment on boilers**
- **Court responded January 20 directing EPA to produce new rules by February 21, 2011**
- **Court said EPA's remedy lies with Congress; not the Court**

Federal Tax Policy

- **Continued lobbying for three key changes in energy tax policy:**
 - **1) Giving biomass plants the same production tax credit rate as wind (instead of current half);**
 - **2) extending the 30 percent investment tax credit; and**
 - **3) an extension of the production tax credit for biomass plants that are already operating, from five years to 10 years.**

California State Issues

- **Renewable Energy Credits**

- **1/13/2011 – CPUC opens door for limited use of tradable RECs in the state's RPS program between now and 2013.**

- **Utilities must purchase 75 percent of the renewable energy credits needed to meet the California's Renewable Energy Portfolio from inside the state.**

AB32 Cap-and-Trade Rule

- Auction of Allowances and Purchase of Offsets begin February 14, 2012
- Will increase cost of fossil fuel power generation

Conclusion

- **It's a tough time for investment !**
- **BUT**
- **New Governor**
- **PUC**
- **Jim Boyd at CEC**
- **Jim Branham – SNC**
- **Incentivize Biomass for RPS = SO4 contracts**